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FOREIGN AGRICULTURE



October 12, 1970

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Wheat Marketing by Major Exporters

The EC and the Mediterranean

Foreign
Agricultural
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U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VIII • No. 41 • October 12, 1970

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This week's cover:

Active buying and selling at the Chicago Board of Trade, one of three U.S. futures markets trading in wheat. Story beginning this page is first of a series that will discuss various aspects of wheat marketing in the United States, Canada, Australia, and Argentina.

Clifford M. Hardin, Secretary of Agriculture

Clarence D. Palmybby, Assistant Secretary for International Affairs and Commodity Programs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

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Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, \$10.00 domestic, \$13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

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WHEAT MARKETING





n Major Exporting Countries

I. How the Market Structures Compare

By ANDREW B. BELLINGHAM
Grain and Feed Division, FAS

World trade in wheat is expected to increase this year, and competition promises to remain intense among the principal exporters—Canada, Australia, Argentina, and the United States. This first of a series of articles dealing with wheat marketing covers the organization and structural setting of the market in each nation and its price support system.

Subsequent articles will compare domestic and export marketing, quality and grading, production control, and producer prices.

The Canadian Wheat Board (CWB) was established under the Canadian Wheat Board Act of 1935 and is a quasi-governmental trading organization. It was established to effect the orderly marketing of western grains entering interprovincial and export trade on behalf of producers in the Provinces of Manitoba, Saskatchewan, and Alberta and in certain areas of British Columbia and

Ontario. The Canadian Government finances various operations of the CWB and protects that organization's monopoly position by requiring producers to market through it.

The CWB has five Commissioners appointed by the Canadian Government. The Commissioners in turn select the four executive officers—executive director, treasurer, secretary, and executive assistant. The head office is in Winnipeg, with other offices in Vancouver and Calgary and overseas offices in London and Tokyo.

The CWB owns no facilities but instead arranges with owners of country, terminal, and port elevators and transportation facilities to use their services. The cost of operation is deducted from producers' returns.

The Board of Grain Commissioners, operating under the Canadian Department of Agriculture, was set up by, and is responsible for the administration of, the Canada Grain Act and supervises all aspects of grading, weighing, and handling of grain. It consists of a Chief Commissioner and no more than two other Commissioners appointed by the Governor-In-Council for 2-year terms. This Board operates the Government's five terminals and one port elevator in Prince Rupert.

There are various other storage and marketing organizations in western Canada which include the Saskatchewan

Wheat Pool, one of the oldest farmer organizations. There are also the Alberta and the Manitoba Wheat Pools. United Grain Growers, Ltd., is a major elevator operator made up of farmer stockholders. In February 1970, a new grain export agency—Excan Grain, Ltd.—was formed. Financed by four Prairie cooperative elevator systems, United Grain Growers, the Manitoba Pool Elevators, the Saskatchewan Wheat Pool, and the Alberta Wheat Pool, this agency will complement the CWB in sales activities stressing grains other than wheat.

The Canadian Government's role is in its power over the CWB and the Board of Grain Commissioners, by setting the initial payment to producers, by granting various aids to agriculture (both domestic and export), and by the very recent attempt at acreage control.

The Australian Wheat Board (AWB), created by complementary State and Federal legislation in 1947, is a Government-authorized nationwide monopoly with authority for the marketing of wheat in Australia and for the exportation of wheat and flour. The majority of its 15 members are elected by wheat growers. Every 5 years, new Federal and State legislation provides for the ongoing operation of the AWB. Constitutionally, the Commonwealth—during peace time—has power to make laws relating to ". . . trade and commerce with other countries and among the States. . ." but

A nation's wheat marketing structure is made up of many elements: from top Australia's Wheat Board (1968-69) and its Geelong terminal; and Canada's Alberta Wheat Pool.



The Bulk Handling Authorities in each State act as agents for the AWB in the handling of the crops with powers derived from Commonwealth and State legislation. In three States these are statutory (Victoria, New South Wales, and Queensland), while in Western Australia and South Australia the Bulk Handling Authorities are cooperatives, owned and operated by growers.

The Australian Government plays a very important role in the wheat industry setting. Although the Government does not participate in the day-to-day operations of the AWB, it is responsible for establishing the guaranteed and home-consumption prices, maintains the liquidity of the Stabilization Fund, and makes available various other aids in both the domestic and export area.

In Argentina, the wheat market is less centralized and private traders normally handle all exports. The National Grain Board (Junta Nacional de Granos), established in 1963, is semiautonomous under the Secretariat of Agriculture and Livestock.

The National Grain Board has broad regulatory powers over all grain trading to insure fair competition and it can enter into export contracts. The Board also operates all terminal and port elevators and most of the elevators at interior points. The private trade pays the Board for their use.

The National Grain Board is made up of a president, appointed by the Secretary of Agriculture and Livestock, and eight members of a board of directors. Four members of the board of directors are selected by the Secretaries of Agriculture, of Commerce, of the Treasury, and of Transportation. One of these is named vice president of the Board. The remaining four members are designated by each of the four following organizational groups: The associations of agricultural producers, the agricultural cooperative societies, industry, and the

grain trade. The members are finally selected by the Secretary of Agriculture. The operations of the National Grain Board are financed by a tax on exports.

In Argentina, the National Grain Board operates chiefly as a regulatory agency. Unlike the Canadian and Australian Wheat Boards, it does not normally operate as a marketing organ. A cash market operates freely in Buenos Aires as well as a futures market. In years when the market price falls below the support price and the National Grain Board's stocks build up, the Board becomes a more important marketing factor. Wheat has been the only grain purchased in significant quantities by the Board, and in recent years Board purchases have ranged from 3 percent to 63 percent of the country's total output.

The Grain Board negotiates sales made under bilateral agreements, but generally allows the private trade to carry out delivery. The Board is a seller of its own stocks (recently, even at a loss) in order to maintain supplies adequate to meet those export commitments. In some instances, as in mid-1967 and 1969, the Board has acted as an importer of wheat and sold it directly in domestic markets. The Board also exerts considerable influence over wheat exports in the issuance of licenses.

In the United States, the marketing system is comparatively free from Government controls, with the Commodity Credit Corporation being the closest counterpart to the Wheat Boards in Canada, Australia, and Argentina.

The CCC was created in 1948 under a Federal charter in authorizing it to buy, sell, make agricultural loans, store, transport, and perform other necessary commodity activities. Its costs are financed by appropriations, but it carries out its operations largely through nongovernmental facilities.

Three future markets trading in wheat exist within the United States: The Chicago Board of Trade, the Kansas City Grain Exchange, and the Minneapolis Grain Exchange.

Grain trade within the United States is carried on both by cooperatives and by commercially owned firms.

All four of the countries have price support systems. Canada, Australia, and the United States have two-price systems while Argentina has a single support price. In the United States and Argentina the support system is implemented by the applicable Government agency entering the market when necessary. In

not to production or marketing within a State. For this, State legislation is necessary. By regulation, all wheat moving off the farm must be delivered to the Board.

The 10 grower representatives are first recommended by the growers of each of the mainland wheat producing States (New South Wales, Queensland, Victoria, South Australia, and West Australia), and then appointed by the Minister for Primary Industry, acting for the Commonwealth. The chairman and the members representing commercial, financial, flour milling, and employee interests are appointed directly by the Minister. All members serve 3 years.

The AWB has a general manager, an assistant general manager, and five other officers who are responsible for the various functions of the Board. The executive offices are in Melbourne.



Chicago Board of Trade messengers (l.) relaying "buy or sell" orders for wheat.
 (r.) *Boxcars of Canadian wheat end their cross-country trip from the country's Prairie wheat States to the railway yard at Halifax, Nova Scotia.*

Canada and Australia the Boards serve as the sole buyer and seller.

In all four nations the world supply and price situation is of major importance when setting support levels. Canada, Australia, and the United States have conditions which limit benefits to the producer. Both Canada and Australia have delivery-quota systems meaning that production above a certain level receives no support, while in the United States a producer must comply with the acreage-restricting condition of acreage allotments in order to benefit from the support program. Only in Argentina is the support program open ended concerning the quantity covered.

In Canada, there are two prices which act as price supports: the initial payment to growers and the home consumption price. Both of these are announced each year by Parliament. (The initial payment has been used since the inception of the CWB, and the home consumption price was initiated Aug. 1, 1969.) In setting these prices, the Government takes into consideration current and prospective demand, prices, and any other factors that may be relevant.

The initial payment, or support price, for the 1970-71 crop year is Can\$1.50 per bushel, the same as for the 1969-70 crop year. (The exchange rate on Sept. 24, 1970, was Can\$0.9814=US\$1.00.) Payment is limited to CWB-allowed deliveries. This price is for No. 1 Manitoba Northern in store in Fort William/Port Arthur, at the head of the Great Lakes. A deduction is made for handling, storage, and transportation depending upon delivery point. This averages about 22 cents per bushel. The home consumption

price, which covers all wheat for domestic human consumption, remains at Can \$1.955 per bushel.

A two-price system also exists in Australia, with a guaranteed export price and a home consumption price. The guaranteed price represents a support price on a specified quantity of wheat for export. From 1963-64 to 1968-69, the quantity under the export guarantee had been 150 million bushels. In 1968-69, the guaranteed price was decreased to A\$1.45 per bushel, from A\$1.64 in 1967-68, and the quantity was increased to 200 million bushels. (Par value is A\$1.12=US\$1.00.) At the same time the home consumption price was increased to A\$1.71 per bushel from A\$1.655. The guaranteed price for 1969-70 is A\$1.459 per bushel on 200 million bushels; the home consumption price is A\$1.725. The guaranteed price in 1968-69 (and also in 1969-70) was set at a level closely related to world trading conditions and prospects, and took into account IGA price levels. (Deliveries, and hence payments, are now limited by the delivery quota system which will be covered in a later article.)

West Australian producers continue to receive an additional payment based on the ocean freight rate advantage on shipments from West Australia. Under the Fifth Wheat Stabilization Plan this premium is limited to A\$0.025 per bushel. The guaranteed price is based on FAQ wheat f.o.b. Australian ports; the home consumption price is free on rail (f.o.r.) Australian ports. Producer payments are made after a deduction covering freight and handling cost.

In Australia, each wheat stabilization

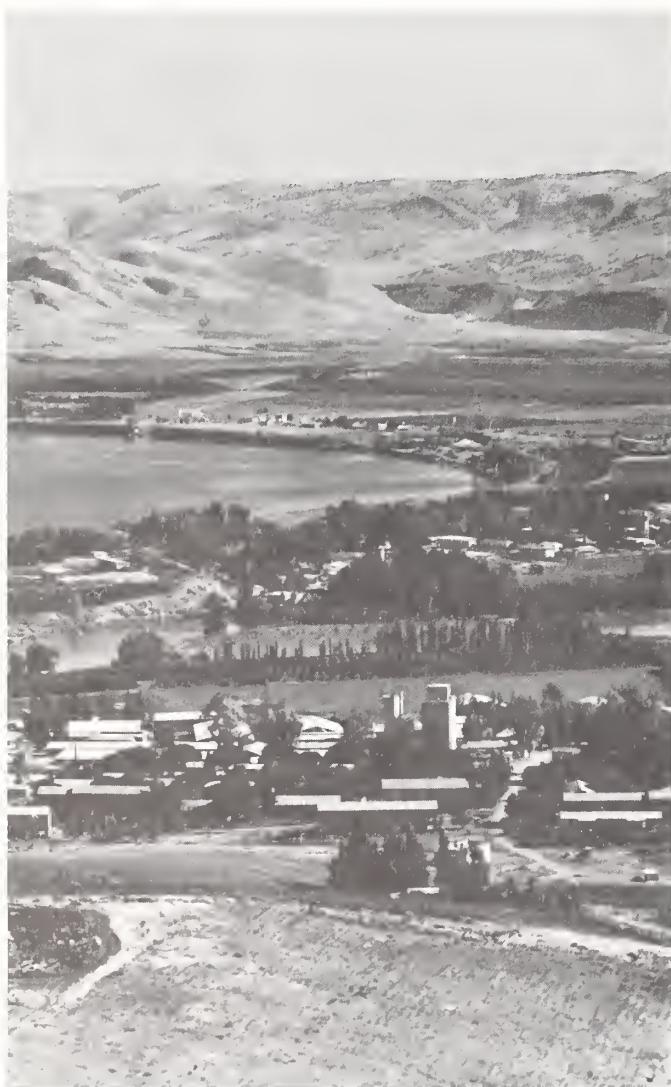
plan operates for 5 years. Until the conclusion of the fourth plan at the end of the 1967-68 wheat crop year (Nov. 30, 1968), the annual guaranteed price and the home consumption price were based on economic surveys taken every 5 years by the Bureau of Agricultural Economics. The guaranteed price was based on the use of a "yield divisor," representing the national yield per acre, and was used to convert "average farm" cost into cost of production per acre of wheat. In practice, the yield divisor averaged 1.5 to 3.0 bushels per acre below the actual yield per acre. The yield divisor was used to make annual adjustments—and the result was a higher guaranteed price. Under this system, the annual guaranteed price for wheat in any season was equal to the official cost of production for that season as determined by the Wheat Industry Stabilization Acts. The main cost factors involved were the charges for handling and storage, fertilizer cost, and depreciation and interest on farm capital.

The home consumption price was equal to the guaranteed price plus a factor to cover the cost of transport to Tasmania. The fifth plan, begun with 1968-69 crop, uses the yield divisor only in setting the home consumption price, resulting in a two-price system.

The Argentine support price on wheat is determined and announced annually by the Secretariat of Agriculture and Livestock. Production cost, world prices, the exchange rate, and the general upward movement in all Argentine prices are major considerations. To supplement the support price, a minimum trading price, below which private sales were

(Continued on page 16)

The EC Extends Its Mediterranean Influence by Preferential Trade Agreements



Above in middle foreground, some of the irrigated groves that supply oranges for Israel's exports to the EC citrus market.

Two more countries—Spain and Israel—are scheduled to join the Common Market's mosaic of economic partners bordering the Mediterranean sometime after October 1, 1970. But this further extension of the Common Market's trading policy into Mediterranean areas has caused some question of whether such arrangements are not preferential trade agreements outside the intention of the General Agreement on Tariffs and Trade (GATT) and discriminatory against other world traders.

The United States is one of the countries whose international trade could be curtailed by the new arrangements—particularly its exports of citrus fruit to EC countries, which for 1965-69 averaged \$10 million for oranges and \$8 million for lemons.

The EC-Spain agreement calls for two stages toward the progressive elimination of trade obstacles between the two parties. The first stage is to last at least 6 years, and the transition to the second stage is to be determined by common consent. The agreement does not go into specific details on the second stage.

The EC-Israel accord specifies a 5-year period with the stated aim of promoting growth of trade. Negotiations toward a broader plan may begin 18 months before the current agreement expires, but the aims are not defined.

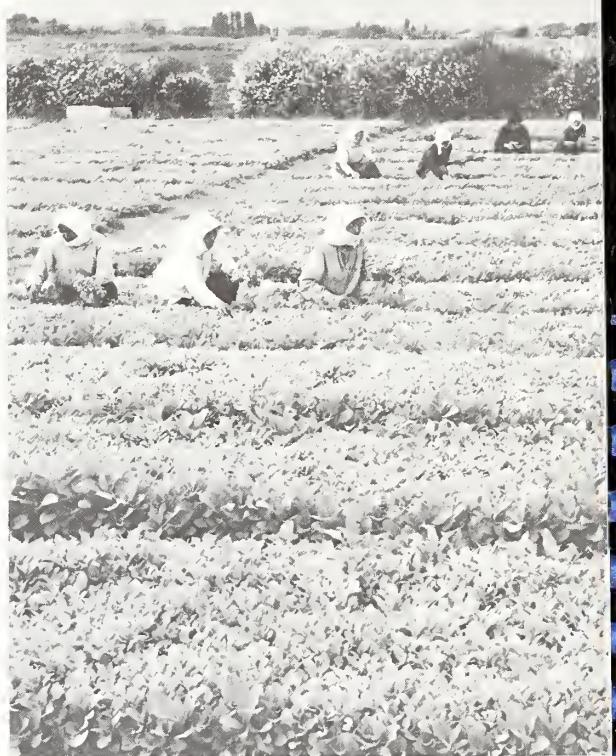
The trade arrangements with both Spain and Israel provide for, among other items, progressively increased preferences on agricultural imports to the Common Market that are not affected by the Common Agricultural Policy (CAP) or otherwise specified in the agreements. In general, duties on EC agricultural imports from Spain are to be lowered in three steps from 70 percent of normal duty on October 1, 1970, to 40 percent on January 1, 1973. Duties on farm imports from Israel are to be reduced in five stages from 70 percent of regular duty to 50 percent on January 1, 1974.

Some agricultural items are specified in both agreements to receive immediate special preferential duty rates, as shown





Sorting Spanish oranges for export.



Seeding tobacco in Greece.

Item	Standard EC duty rate	Exporting country			
		Spain		Israel	
		EC duty rate	Share of EC imports	EC duty rate	Share of EC imports
	Percent	Percent	Percent	Percent	Percent
Sweet oranges:					
Apr. 1-Oct. 15	15	9	35.1	9	17
Oct. 16-Mar. 31	20	12	56.3	12	8.2
Mandarins, clementines, and tangerines	20	12	53.9	12	0
Lemons	8	4.8	34.2	4.8	2.7
Grapefruit and pomelos	6	6	0	3.6	50.1
Avocados	8	4	0	4.8	69.2
Sweet peppers:					
Nov. 15-Apr. 30 ..	9	6.3	3.1	6.3	12
Capers and olives	20	10	24.2	20	0
Unrefined olive oil ..	Levy	Reduced	36.6	Levy	0

in the accompanying table. Standard duty rates and the percent of EC imports for each item in 1969 are also given.

In return for EC concessions on duty rates, Spain and Israel have agreed to give progressively staged preferences to certain Common Market products and to liberalize quantitative restrictions on imports of some items. Spain is to maintain the EC share of its market for certain products.

The establishment of economic links between the EC and Spain and the EC and Israel is only one of the latest developments in a trend that began some time ago. Since the Common Market's inception in 1958, a complicated and growing network of trading agreements has developed between the EC and countries bordering the Mediterranean.

Some of these associations stem from relations between European and African countries that were in force before the

Common Market was organized. For example, before March 1956 Tunisia and Morocco (which entered new economic agreements with the EC on September 1, 1969) were French protectorates for a number of years. Naturally, their trade was chiefly with France. After independence, these countries continued to receive duty-free entrance to France for a number of agricultural products. A special protocol to the 1958 treaty setting up the EC continued such treatment, and another appendix provided for negotiations to begin economic association between the EC and Morocco and Tunisia.

Tunisia's and Morocco's new EC agreements are for 5 years with a provision for negotiations toward new broader plans to begin no later than the end of the third year. The second stages of the agreements are not highly defined.

Some preferential rates on agricultural items accorded to Morocco and Tunisia in the 1969 agreement are shown in the accompanying table. Standard duty rates and the percent of total EC imports for each item in 1969 are also given.

Item	Exporting country				
	Standard EC duty rate	Morocco		Tunisia	
		EC duty rate	Share of EC imports	EC duty rate	Share of EC imports
	Percent	Percent	Percent	Percent	Percent
Sweet oranges:					
Apr. 1-Oct. 15	15	3	14.9	3	0.7
Oct. 16-Mar. 31	20	4	18.9	4	4.5
Other oranges:					
Apr. 1-Oct. 15	15	3	61.6	3	0
Oct. 16-Mar. 31	20	4	72.1	4	0
Mandarins, clementines, and tangerines	20	4	29.7	4	1
Lemons	8	1.6	.8	1.6	.3
Capers and olives	20	0	35.9	0	.6
Unrefined olive oil ..	Levy	Reduced	.2	Reduced	12.2

Algeria was a Department of France when the Common Market was organized and later became independent in 1962. After independence it retained a certain amount of special treatment for its agricultural products entering the EC. Concessions, however, differ for each country in the Common Market with only France not levying customs duties (except on wine).

Other Mediterranean associations of the Common Market, however, owe nothing to earlier colonial relationships. The Market's agreements with Greece in 1962 and Turkey in 1964 evolved from mutual economic incentives rather than any cultural ties. The goal is eventual customs union with agricultural and industrial goods flowing freely between the different constituent member countries.

Both Greece and Turkey already depend heavily on Common Market countries for sales of certain agricultural items. In return for free or preferential entry for major farm products to the EC, Greece and Turkey are dismantling their tariffs on Community goods over periods of 12 to 22 years.

Important agricultural items from Turkey and Greece now entering the EC duty free are raisins and tobacco (Turkey and Greece are major world suppliers). Greece's citrus enters EC countries duty free but subject to taxes; its fresh and preserved fruits and vegetables have tariff reductions; and Greek olive oil and wine receive certain advantages. Turkey's hazelnuts, dried figs, and citrus enter the Common Market at various reduced tariffs.

In 1971 Turkey is scheduled to begin a 12-year transitional stage toward full EC membership. When this step goes into effect the Community will give Turkey preferential tariff reductions of 50 to 75 percent on about nine-tenths of Turkey's agricultural exports to the EC.

Some other agreements of the same type may materialize in the future. The Common Market concluded negotiations with Malta in July 1970 for an economic association that will probably become effective early in 1971 but does not include EC tariff reductions for Maltese agricultural products. Negotiations are likely to begin this fall toward agreements between the EC and Lebanon and the EC and the United Arab Republic. In addition, Algeria and Cyprus have both expressed interest in trade associations.

New role of the EC

Another aspect of the EC trading system in the Mediterranean began to emerge in the autumn of 1967 when the first preferential tariff was given to a commodity rather than a country. Turkish citrus was given a 20-percent preference in EC tariffs provided that minimum prices on representative EC wholesale markets were respected.

Later, when agreements with Tunisia and Morocco provided these countries with 80-percent preferences on EC citrus duties (conditional to maintaining minimum prices), the Turkish citrus preference was raised to 40 percent. And, more significantly, a similar 40-percent conditional preference was extended to Israel and Spain. Spokesmen for the Common Market maintained that the system of conditional citrus preferences coupled with price discipline could not operate with respect to Tunisia and Morocco unless the EC's other two major suppliers in winter (Spain and Israel) were included.

The international reaction to this stance by the EC was such as to bring about another discussion within the framework of GATT of EC trade policies in the Mediterranean.

During various sessions of the EC agreements with Medi-

terranean countries have been discussed in the context of whether they were preferential trade agreements discriminatory toward third-country traders. In 1969-70 the question of Common Market preferences for citrus from Israel and Spain was examined specifically.

Common Market spokesmen argued that such a preference system was basically a financial transfer from the Common Market to the beneficiaries rather than trade advantage. This view, however, did not gain international support, and the EC withdrew its citrus preferences to Spain and Israel in April 1970. However, the same 40-percent citrus preference will go back into effect this fall when the broader EC-Spain and EC-Israel trade agreements go into force. The consistency of these arrangements with the GATT has not yet been resolved. The United States continues to oppose them.

In the past the membership of the GATT has formulated several general principles applying to international trade, not all of which can be mentioned in this article. One, however, that might be noted states that interim trade agreements with the object of leading to customs unions and free trade areas "shall include a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time."

Some GATT members have questioned whether the EC agreements in the Mediterranean meet this criterion. Past GATT discussions of the Common Market's association agreements with Greece, Turkey, Morocco, and Tunisia have been inconclusive.

Effect on the United States

The United States has trade interests in several of the commodities now being given or soon to be given preferential duty rates entering the EC because of the new Common Market association agreements in the Mediterranean area. For example, sales of U.S. citrus to EC countries will in the future have increased competition from Mediterranean citrus.

The greater part of the fresh U.S. oranges sold in Common Market countries (valued at \$13.3 million in 1969) move into Europe during the late spring and the summer when supplies from most of the Mediterranean countries are at or are approaching their seasonal low. About half of these U.S. exports occur in April, May, and June. At the same time, high-quality Moroccan oranges are still moving into EC countries in April and May, and so are Spanish oranges—generally in excess of the quantities imported from the United States. The new EC duty preferences appear to be of sufficient magnitude not only to swing trade away from U.S. oranges but to expand citrus production in the Mediterranean.

U.S. lemons have enjoyed good sales in Common Market countries (\$6.6 million in 1969) despite the large volume of low-priced Italian lemons generally available. U.S. lemon shipments are seasonally heavy during the late spring and summer when consumer demand for fresh lemons is at its peak. During this period Spain's lemons compete for sales with U.S. lemons, to which they are comparable in quality and appearance. Not only have effective duties been lowered on Spanish lemons, giving them a competitive edge, but a new system of computing lemon reference prices went into effect in July 1970. The net effect of the new system is to lower significantly lemon reference prices and therefore the minimum wholesale prices to be observed by those countries accorded preferential treatment. Between the two changes, incentives to handle Mediterranean lemons are greater.

Changes in South Vietnamese Agriculture Raise Farm Production And Profits to New Levels

By WILLIAM J. C. LOGAN
International Economist, FEDS

South Vietnam's agricultural production is now recovering after a period of decline that began in 1963, thanks to changes in the way rice, poultry, and swine are produced. These changes boosted 1969 rice production over 1968 output by 17 percent; pork production by 10 percent; chicken and eggs, 15 percent; and fish, 13 percent.

The recent progress, specifically in rice and animal protein production programs, has important implications for U.S. agricultural trade. Vietnam, one of the largest recipients of U.S. rice (mostly under P.L. 480) in recent years—500,000 tons in 1970—will probably require fewer imports as it moves toward rice self-sufficiency. Instead, Vietnam may become a more important user of U.S. feedgrains during the next few years if increases in poultry and swine production continue to outpace feedgrain production in the Southeast Asian country.

Key factors in Vietnam's increased yields are new seed varieties and breeding stock, as well as improved technology and modern management. Heavy emphasis is placed on these in the Rice Production and Protein Production Programs, joint ventures of the Government of Vietnam (GVN) and the U.S. Agency for International Development (AID). The changes introduced under these plans have moved farm output and profits to new levels that make the accompanying increases in production costs a good investment for farmers.

Rice is the staple of the Vietnamese diet; over half the people in the country are involved in its production. Now, new rice varieties are being tried successfully. In response to a 1967 flood that destroyed the rice crop in a valley region of Binh Thuy Province, AID rushed seed supplies of IR-8, the new "miracle rice," to Vietnam from the Philippines. It was too late in the season then to plant tradi-

tional rice seed, and only IR-8, with its short growing season, held promise of a harvest. Military helicopters delivered seed, irrigation pumps, and fertilizers; AID technicians and Vietnamese agricultural advisors taught local farmers the new cultivation practices needed to grow the IR-8 variety.

Unseasonal weather prevented maximum yield from the first miracle crop, but yields still were 50 percent higher than those obtained from traditional rice varieties. The harvest provided food for consumers and seed for the next crop.

The goal for 1968 was to plant 108,000 acres to IR-8 and another new variety, IR-5. Despite the Viet Cong (VC) February Lunar New Year attack and the VC May Offensive, over 90 percent of the goal was met. Yields averaged 2 tons per acre, 2½ times the yield from traditional varieties, and several provincial reports recorded yields as high as 3.6-4.5 tons. IR-8 outperformed traditional rice whenever it was planted; this was an important factor in planning its future use.

The 1969 rice program introduced IR-20 and 22, two high yielding, better tasting varieties, which, together with IR-5

and 8, were planted on 490,000 acres—about 9 percent of total riceland. The harvest from this planting was an important factor in the increase in national rice production that year. The total harvest of 5.1 million metric tons was just 4 percent short of being a record rice crop.

The goal for the current crop year is to plant over 1.2 million acres, 23 percent of total riceland, to high yielding varieties. The harvest could be as high as 5.6 million tons.

Self-sufficiency through domestic rice production is the goal for 1971. Plans call for planting 1,875,000 acres, or one-third of all riceland, to high yielding varieties in 1971. However, it is questionable whether land conditions and water resources in areas not already planted to improved varieties are exploitable.

The Accelerated Rice Production Program has been eminently successful in reversing the declining production trend of the mid-1960's. Problems, however, have been experienced in moving rice from surplus production areas in the Delta to Saigon and deficit provinces further north. This was particularly noticeable during 1970, when surplus volumes

Harvesting rice, the staple diet of Vietnamese. Rice production employs over half the population. Now, with improved varieties, the country's production is increasing rapidly.





This irrigation pump, popular in the Mekong Delta, powers the farmer's boat to market; 400,000 pumps like it were sold during 1966-69.

from the large 1969 harvest moved no faster than when production was considerably lower.

Several things partially account for this: (1) because rural income has increased, farmers are not pressed to convert crops to cash; (2) with markedly increased security in 1969 and 1970, farmers feel safe holding surplus rice on the farm; (3) the austerity tax passed in October 1969 curtailed the flow of implements and consumer goods to rural markets and thus reduced the incentive to have cash; and (4) farmers are withholding rice as a hedge against continued inflation or devaluation.

Rice marketing systems and rice prices outside the Delta also serve to explain slow movement of rice from surplus to deficit areas. The price of rice in the broad Saigon market area is usually high enough to draw necessary volumes through commercial channels to supply the civilian population in the Saigon area. These supplies sell at free market prices. The Government also acquires rice to sell in commissaries at official fixed prices to civil servants and military personnel. Generally, about 35,000 tons a month satisfy these two markets. But problems arise when the commercial price and the Government's fixed price differ unduly, shifting pressure between commercial and Government stocks.

The deficit provinces north of the broad Saigon market zone have a different supply and pricing system. Because this region is regarded as economically depressed, the Government subsidizes sale of about 40,000 tons of rice each month to consumers in these prov-

inces. This volume, plus production within the region, satisfies deficit area demand. But because large volumes are subsidized in this area, commercial dealers in the distant Delta surplus area have no incentive to move rice past the higher price markets of Saigon to the northern lower price deficit area. An adjustment in price relationships would be required to encourage increased commercial shipments from the Delta.

As Vietnam's production continues upward, marketing and distribution problems grow. The Government is quite concerned and is reviewing its policies and programs. Long-range planning is gaining in importance. A U.S. Department of Agriculture team recently performed an "agricultural sector analysis" in Vietnam; results of the study will have important implications for long-term agricultural strategy.

During 1953-1964 Vietnam exported 1.8 million tons of rice. After that, production fell significantly, and Vietnam imported 2.4 million tons during 1965-1970. Most imported rice arrived from the United States under P.L. 480, Title 1.

The GVN-AID Protein Production Program made significant contributions to animal production in 1969. In its first year of implementation, a chicken production program increased availability of chicken meat and eggs 15 percent. Vietnamese farmers and commercial poultrymen were encouraged to switch from domestic dual-purpose birds with slow growth and low egg-laying rates to modern broilers and layers. Producers imported, on commercial terms, 900,000 1-day-old layers to spark production. As

these birds matured, egg marketing increased sharply. Per capita egg availability increased during 1969 from an estimated 18 eggs per year to 21.5 eggs per year and is expected to go even higher during 1970.

Broiler birds are extremely popular because of their rapid growth rate and efficient feed conversion. Vietnamese producers imported about 5 million chicks during the year. Prices for chicken meat and eggs during 1969 stabilized while prices of other food items increased by about 37 percent.

To reduce dependency on imported broilers and layers, Vietnamese producers also purchased over 100,000 parent stock birds. The recently formed Vietnam Poultry Association is expected to appeal for legislation to restrict import of chicks when domestic hatch becomes adequate.

The Protein Production Program also focused on swine production. One big input during 1969 was importation of 500 registered breed animals from Indiana. AID's agricultural advisors and Government provincial livestock officials encouraged farmers to import this stock to bring new vigor to domestic blood lines. Farmers pooled their money, the Government issued import licenses, and AID staff in the United States personally selected good breeding stock. Now registered Duroc and Black Poland China stock can be found on farms from north of Da Nang to deep in the Delta. (The swine shipment set a record: It was the largest and longest shipment ever recorded on one plane and all animals arrived in good health.)

(Continued on page 12)

U.S. Soybean Exports: Trends and Policies

The export sector of the U.S. soybean economy has, in only 20 years, boomed from a mere 15 million bushels to a record 430 million—an annual rate of growth of 22 percent.

As we look into the next 10 years, the central growth opportunity for U.S. soybeans in world trade is this:

Populations are expanding. There is a growing determination among people to live better—to eat better. That adds up to a greater use of animal products—and, in most areas, of vegetable oils.

The large imports of U.S. soybeans and feedgrains by Japan are a classic example of changing food requirements.

Since the mid-1950's, per capita food consumption in Japan has increased about 10 percent in terms of calories. The use of starchy foods has dropped off; instead of providing three fourths of per capita calories, they now provide less than 60 percent. The typical Japanese is now consuming double the amount of animal products, in terms of calories, that he was using a decade and a half ago.

In 1960, the Japanese consumed 90 eggs per person. By last year, that figure had risen to 210. And there is still room for growth, for Japan could expand its per capita egg consumption by another 50 percent before reaching U.S. levels.

There is also big growth opportunity in broilers. Japan consumed 6.6 pounds of poultry meat per person last year. West Germany consumed 16.5 pounds, of which about 10 pounds consisted of broilers. France used 25.4 pounds, and 10 pounds or more were broilers.

The average American, meantime, consumed about 35 pounds of broilers last year—a growth of 50 percent since 1960 and a quadrupling since 1950.

It is interesting to speculate on what further sharp increases in broiler consumption might mean to the market for soybeans in other developed countries. To make a very rough approximation, it would require something like 600,000 metric tons of soybean meal to bring West Germany's per capita broiler consumption up to the U.S. level, and over a million and a quarter tons of meal to raise Japan's consumption to the same level. In terms of soybeans, just these two countries combined would require an additional 85 million bushels.

Rising hog numbers may be a "sleeper" in the outlook for feed use. Early this year, hog numbers in Western Europe totaled 81.9 million head—up 7 percent from 1969. This was due primarily to the European Community, where—except for Luxembourg, which was unchanged—every country showed an increase from 1969 levels. The largest increase was in Italy, from an estimated 7.3 million head in 1960 to 9.2 million.

Hog numbers are also up in Eastern Europe. In the Soviet Union, numbers increased by 7 million head from 49 million in early 1969—a 14-percent jump after 2 straight years of decline.

Europeans are big consumers of pork, and supplies have not always expanded rapidly enough to take care of the growth in demand. The European Community, which normally produces about 105 percent of its own pork, was barely self-sufficient last year. The Community maintained its export of pork by means of an export subsidy, but in doing so it created a degree of shortage and higher prices in the domestic market.

The primary export markets for U.S. soybeans and soybean products will continue to be the more developed coun-

tries. At the same time, the contributions of protein and oils in improving human nutrition in less developed areas will be one of the big food stories of the 1970's. Oils are one of the lowest cost sources of calories; in addition, they are valuable in making more palatable a wide range of foods rich in proteins and other nutrients.

Only about 30 percent of the U.S. soybean oil exported moves in the form of oil. And of this, a high proportion moves under Public Law 480 programs. The fact is that large amounts of oil are produced abroad from U.S. soybeans, so that dollar exports of U.S. oil to Japan and Western Europe are limited. This year, however, only about 55 percent of our soybean oil exports were noncommercial shipments.

The probability is that foreign demand for oils and meals will continue to outrun foreign supplies, with a possible steady growth in U.S. soybean acreage to make up the difference. Prospects are also that the growth in meal demand will continue to outpace the growth in oil demand. Accentuating this problem of oil versus meal is the foreign expansion, already underway, of high oil-content crops. Virtually every other oil-bearing

Four Reasons for U.S. Soybeans' Success

- **EFFICIENT PRODUCTION.** The United States is the world's most efficient producer of soybeans. Nature, people, and technology combine to make an outstanding product at competitive prices.
- **RISING DEMAND.** With better living standards around the world, more vegetable oil, meat, dairy products, and poultry products are being consumed. Soybeans yield both oil and high-protein meal for livestock feed.
- **GOOD MARKET ACCESS.** U.S. soybeans can move with relative freedom into several markets that are protectionist toward some other U.S. farm products. They enter the European Community with no duty, "bound free" under GATT. Generally good access to Japan is expected to improve further this year.
- **RESPONSIBLE MARKETING.** The United States has carried out responsible soybean trade policies. It has not "dumped" or paid subsidies to penetrate markets, and has exported—even under P.L. 480—at prices no different from those on the domestic market.

crop is much higher in oil and lower in meal content than soybeans.

During the 1960's heavy plantings were made of oil palm trees in Malaysia and coconut trees in the Philippines. These are now coming into bearing, and the output is primarily for export. Other countries—in Asia, Africa, and Latin America—have also increased their plantings of these tree crops. Already in 1970, we are expecting a production increase of 220 million pounds of coconut oil and 470 million pounds of palm oil, and in 1971 the increases of each should be even larger. Both coconuts and palm fruit yield relatively little meal compared to oil, and being tree crops, their acreages are inflexible over the short term. So regardless of the market situation, we can expect larger export

availabilities of these two oils—barring weather catastrophes, such as typhoons.

And even for annual oilseed crops, we may see an upswing in acreage. The West African peanut grower had been discouraged by the lower world prices which prevailed until 1969 and by the internal marketing arrangement which until recently did not permit him to share the benefits even of high world prices. Both of these factors have been modified of late and the African grower may now have considerably more incentive to plant for the export market.

Rapeseed, which can grow on wheat land, is being increasingly planted in Canada and the Common Market. And Australians, looking for an alternative to wheat, are considering rapeseed.

Sunflowerseed acreage is apparently

moving up again—in response to the more attractive prices than those that had prevailed from late 1967 until mid-1969. There are indications of acreage expansion in Argentina, Eastern Europe, and possibly Western Europe and the Middle East, where it has not been important.

The American farmer, like oilseed producers in other parts of the world, has a tremendous stake in world market growth. Soybean and meal exports alone accounted for the production of over 20 million acres in the past year. At least 5 bushels of every 10 produced went into export as beans or meal.

Without this growing offshore market, we could not have had the increase in total disappearance that we have had—and the accompanying growth in soybeans as a contributor to farm income.

South Vietnamese Agricultural Production

(Continued from page 10)

Swine production increased 11 percent in 1969 and is expected to progress at about that rate in 1970 and 1971. Improved security has had a noticeable effect on moving hogs from remote provinces to urban markets.

Increased rice production provided greater supplies of bran, the milling by-product that has been a traditional livestock feed in Vietnam. But good livestock nutrition requires more than bran, and farmers switching to modern production technologies desired improved, complete, mixed feeds. In 1967 only one feed factory was capable of supplying farmers with such feed. To meet this need, industry and farmer associations in 1968 and 1969 built an estimated 30 new feed factories.

But demand for feedgrains outpaced domestic production, and Vietnam imported 60,000 tons of U.S. corn in 1969 and is doubling this level in 1970 under P.L. 480, Title 1. A program also began in 1970 to produce sorghum, a new crop for Vietnam. By August 1970, 3,348 acres had been planted to sorghum, and it is anticipated that a significantly larger crop will be planted in Vietnam in the coming year.

The Vietnam National Agricultural Credit Office (NACO), which provided an average of \$2.5 million in credit per year during 1964-1966, was reorganized in January 1967 as the Agricultural

Development Bank (ADB). Since reorganization, both the volume of credit and number of loans made have increased sharply. Total credit was \$39 million in both 1968 and 1969. The number of loans increased from 70,000 in 1968 to over 90,000 in 1969, reflecting a new policy of making smaller loans and reaching out to more farmers.

A large portion of ADB credit—about 40 percent in 1969—goes for fertilizer loans. Fertilizer purchases increased from 230,000 metric tons in 1968 to 477,000 tons in 1969.

The portion of total imports that goes to support agriculture is difficult to isolate in trade statistics, but two import value statements for 1969 indicate the growing strength of Vietnam's rural economy: \$450,000 went for pesticides and \$13 million for small engines, irrigation pumps, tractors, and farm machinery.

On March 26, 1970, President Thieu signed a bill entitled "Land to the Tiller Policy", which ceded, without fee or charge, some 2.5 million acres of rice-land (43 percent of total riceland) to 500,000-800,000 tenants currently working the land. In the previous 13 years under other land reform programs, only about 865,000 acres had been distributed to tenants.

The 2.5 million acres is being expropriated from some 16,000 owners, whose compensation, according to Chapter 3,

Article 8 of the policy, "shall be equivalent to 2½ times the annual paddy yield of the land. Annual yield means the average yield during the past 5 years." (This article does not state whether price is current price or, as with yield, a 5-year average of rice prices. The difference is quite significant.)

Approximately 200,000 land titles are expected to be distributed in 1970; the remainder by the end of 1973. Regardless of when farmers receive title, expropriated owners no longer have the right to collect rents.

It is not known how the new and quite progressive land reform bill will affect farm production or farmer income. In recent years, tenants paid about 25 percent of their incomes (sometimes more) for rent. The Government suggests that the majority of new owners will receive land areas of "optimum size for small Honda motors that characterize the present stage of mechanization of agriculture in South Vietnam."

Clearly Vietnam has made progress toward improving agriculture and rural income. It is hoped that, after showing remarkable ability in supporting accelerated development programs, Vietnam's officials will evidence equal determination to resolve problems related to food distribution, processing, storage, and marketing—the problems which go along with success in agricultural production.

CROPS AND MARKETS

SHORTS

U.S. Cotton Exports Low

Cotton exports from the United States totaled only 84,000 running bales in the first month (August) of the 1970-71 marketing year, because buyers must wait for new-crop supplies of many qualities not available in season-end stocks. This total is little more than half of the 147,000 bales shipped in August 1969. This is also the lowest level since the 60,000 bales shipped in 1955-56. Exports were down to all major

U.S. COTTON EXPORTS BY DESTINATION [Running bales]

Destination	Year beginning August 1				
	Average		August		
	1960-64	1968	1969	1969	1970
Austria	23	0	0	0	0
Belgium-Luxembourg	121	30	19	2	(¹)
Denmark	14	1	(¹)	0	(¹)
Finland	17	3	6	(¹)	0
France	319	88	30	1	1
Germany, West	269	31	26	4	1
Italy	345	62	46	2	1
Netherlands	110	19	19	1	1
Norway	13	5	1	0	0
Poland	125	106	51	0	0
Portugal	21	8	2	1	0
Romania	2	0	46	0	0
Spain	74	5	4	(¹)	0
Sweden	81	51	37	1	1
Switzerland	74	32	15	(¹)	(¹)
United Kingdom	244	48	38	2	4
Yugoslavia	112	54	0	0	0
Other Europe	15	7	4	1	(¹)
Total Europe	1,979	550	344	15	9
Algeria	9	27	11	0	0
Australia	61	0	(¹)	(¹)	0
Bolivia	7	0	0	0	0
Canada	353	108	181	10	14
Chile	18	(¹)	1	(¹)	(¹)
Colombia	3	(¹)	(¹)	0	0
Congo (Kinshasa)	6	0	0	0	0
Ethiopia	9	9	1	1	0
Ghana	1	17	27	1	2
Hong Kong	148	194	61	6	(¹)
India	314	174	261	29	5
Indonesia	40	105	242	13	(¹)
Israel	15	1	(¹)	0	0
Jamaica	4	2	2	0	0
Japan	1,192	536	623	20	8
Korea, Republic of	261	447	455	24	34
Morocco	12	19	28	(¹)	(¹)
Pakistan	14	1	16	0	0
Philippines	123	119	146	3	3
South Africa	41	9	4	(¹)	1
Taiwan	209	259	193	17	6
Thailand	34	66	54	0	(¹)
Tunisia	2	0	5	0	0
Uruguay	6	0	0	0	0
Venezuela	8	(¹)	(¹)	0	0
Vietnam, South	46	62	99	8	1
Other countries	9	26	14	(¹)	1
Total	4,924	2,731	2,768	147	84

¹ Less than 500 bales.

destinations except Canada and the United Kingdom, which recorded small increases.

Weekly Rotterdam Grain Price Report

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Sept. 30	Change from previous week		A year ago
		Dol. per bu.	Cents per bu.	
Wheat:				
Canadian No. 2 Manitoba	2.15	+2	1.91	
USSR SKS-14	(¹)	(¹)	1.76	
Australian Prime Hard	(¹)	(¹)	1.82	
U.S. No. 2 Dark Northern Spring:				
14 percent	2.05	+2	1.82	
15 percent	2.07	0	1.93	
U.S. No. 2 Hard Winter:				
13.5 percent	1.97	+1	1.76	
Argentine	(¹)	(¹)	(¹)	
U.S. No. 2 Soft Red Winter ..	1.89	0	1.57	
Feedgrains:				
U.S. No. 3 Yellow corn	1.81	-3	1.37	
Argentine Plate corn	1.97	-2	1.75	
U.S. No. 2 sorghum	1.71	-2	1.41	
Argentine-Granifero	1.74	0	1.47	
Soybeans:				
U.S. No. 2 Yellow	3.27	+3	2.77	

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

World Oat Production Drops

The world oat harvest in 1970 is estimated at 49 million tons, 5 percent below last year's.

Oat production in the United States declined 6 percent, while the Canadian outturn was little changed.

The West German and French crops were off 13 and 12 percent respectively. The Soviet harvest is estimated as 11 percent below the big 1969 crop, but still above average.

A detailed table and analysis appeared in the September *World Agricultural Production and Trade—Statistical Report*.

OAT PRODUCTION IN SPECIFIED AREAS

Area	1969	1970
	1,000 metric tons	1,000 metric tons
Canada	5,728	5,796
United States	13,787	12,937
France	2,349	2,075
West Germany	2,976	2,600
Sweden	1,083	1,549
Eastern Europe	5,535	5,631
USSR	10,700	9,500
Others	9,589	8,889
Total world	51,747	48,977

World Barley Crop Slightly Lower

World production of barley in 1970 is estimated at 114 million metric tons, 2 percent below 1969.

The Canadian crop is reported as 12 percent above 1969's crop on larger area. The U.S. crop was little changed at 8.9 million tons. Harvests in Western Europe were off generally from last year's high levels, and production was down 3 percent in both Eastern Europe and the Soviet Union.

A detailed table and analysis appeared in September *World Agricultural Production and Trade—Statistical Report*.

BARLEY PRODUCTION IN SPECIFIED AREAS

Area	1969	1970
	1,000 metric tons	1,000 metric tons
Canada	8,238	9,232
United States	9,082	8,932
Denmark	5,255	5,000
France	9,347	8,390
West Germany	5,130	5,000
Spain	3,855	3,100
United Kingdom	8,698	7,819
Eastern Europe	9,281	9,033
USSR	26,800	25,900
Others	30,860	31,898
Total world	116,546	114,304

Grain Stocks Up 8 Percent

Stocks of grain in the United States, Canada, Argentina and Australia on July 1, 1970, totaled 146 million metric tons, 11 million tons higher than a year earlier.

Wheat stocks gained 16 percent, barley 15 percent, oats 26 percent, and rye 24 percent, while corn stocks were 5 percent lower.

A detailed table and analysis appeared in the September *World Agricultural Production and Trade—Statistical Report*.

1970 GRAIN STOCKS OF MAJOR EXPORTING COUNTRIES

Item	United States	Canada	Argentina	Australia	Total
	1,000 metric tons				
Wheat	23,962	28,660	3,250	12,227	68,099
Rye	542	295	95	—	932
Barley	5,052	5,250	280	841	11,423
Oats	7,100	2,655	105	1,424	11,284
Corn	48,837	109	5,310	—	54,256
Total	85,493	36,969	9,040	14,492	145,994

World Wheat Production Declines

The world wheat crop in 1970 is estimated at 280 million metric tons, 3 percent below 1969.

Wheat production in the United States was down 7 percent, while the Canadian crop was off about half under its acreage reduction program. The West European harvest declined 4 percent and the East European 8 percent. Production in the Soviet Union is indicated as higher because of sharply improved growing conditions, especially for the winter wheat crop.

A detailed table and analysis appeared in the September *World Agricultural Production and Trade—Statistical Report*.

WHEAT PRODUCTION IN SPECIFIED AREAS

Area	1969	1970
	1,000 metric tons	1,000 metric tons
Canada	18,623	9,208
United States	39,703	37,009
Western Europe	45,337	43,586
Eastern Europe	25,481	23,554
USSR	62,300	72,400
Asia	66,541	67,743
Others	30,136	26,290
Total	288,031	279,790

U.S. Tobacco Exports Continue Down

Smaller shipments of both flue-cured and burley tobacco continued during August, following a substantial decline in July. The August shipments were also down substantially from the exceptionally high levels of the past 2 years.

Unmanufactured tobacco exports during August 1970 were 29.6 million pounds, with a value of \$27.6 million. Analogous figures for 1969 were 41.1 million pounds, with a value of \$37.4 million, down from large shipments in August 1968.

Unmanufactured leaf exports for January-August 1970 were down 27 million pounds or about 9 percent in quantity and \$13 million or nearly 5 percent in value from the same period a year ago. Compared to the January-August 1968 shipments, the 1970 exports are down 77 million pounds and \$32 million.

Exports of tobacco products were also down during August, to \$14.2 million, compared with \$18.5 million in the same month of 1969. However, the value of products exported during January-August 1970 was up about 19 percent, to \$122 million, compared with \$102 million during the same period of 1969. Most of the increase was in the value of cigarettes exported, up 20 percent so far this year.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO [Export weight]

Kind	August		January-August		Change from 1969
	1969	1970	1969	1970	
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	
Flue-cured	28,441	22,023	219,249	190,356	-13.2
Burley	5,063	2,221	33,648	27,989	-16.8
Dark-fired Ky.-Tenn.	1,700	1,313	11,015	11,419	+3.7
Va. fire-cured ¹	674	164	2,640	2,742	+3.9
Maryland	770	793	6,715	7,655	+14.0
Green River	1	6	428	299	-30.1
One Sucker	90	0	258	342	+32.6
Black Fat	101	258	594	1,727	+190.7
Cigar wrapper	163	45	1,669	1,020	-40.0
Cigar binder	58	41	470	141	-70.0
Cigar filler	22	107	414	309	-25.4
Other	4,051	2,584	24,338	30,583	+25.7
Total	41,134	29,555	301,438	274,582	-8.9
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Percent
Declared value	37.4	27.6	265.6	252.9	-4.8

¹ Includes sun-cured. Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	August		January-August		Change from 1969
	1969	1970	1969	1970	
Cigars and cheroots 1,000 pieces	7,665	2,099	44,661	35,433	-20.7
Cigarettes Million pieces	2,693	2,309	16,563	19,917	+20.2
Chewing and snuff 1,000 pounds	3	2	22	52	+136.4
Smoking tobacco in packages 1,000 pounds	94	91	705	593	-15.9
Smoking tobacco in bulk	3,352	1,167	13,125	11,416	-13.0
Total declared value Million dollars	18.5	14.2	102.3	122.1	+19.4

Bureau of the Census.

More Tobacco Imports by U.S.

Imports of unmanufactured tobacco for consumption (duty-paid withdrawals from Customs bonded warehouses for manufacture) continued to rise during August following a significant upturn in July. August imports reached a total of 23.6 million pounds, or about 24 percent more than in the same month of 1969. Value of imports, however, was not much changed, at \$12.4 million, compared with \$12.0 million in August 1969. Most of the increased quantity continued to be in scrap and cigarette leaf (flue-cured and burley) tobacco. The average price per pound continued to decline—52.6 cents compared with 55.2 cents in the previous month and 63.4 cents in August 1969.

Total imports for January-August 1970 increased 6 percent to a total of about 150 million pounds, compared with 141 million in the same period of 1969. Import value, however, is up only 1.1 percent to a value of \$87.8 million, compared with \$86.8 million in the same period a year earlier.

U.S. IMPORTS OF UNMANUFACTURED TOBACCO [For consumption]

Period and kind	1969		1970	
	Quantity	Value	Quantity	Value
January-August:			1,000 pounds	1,000 dollars
Cigarette leaf (flue & burley)	3,725	1,296	7,513	1,983
Cigarette leaf, other	96,999	66,158	93,924	63,501
Cigar wrapper	302	1,069	426	1,805
Mixed filler & wrapper	272	1,124	187	803
Cigar filler, unstemmed	1,781	1,469	2,433	1,862
Cigar filler, stemmed	1,684	2,233	1,930	2,497
Scrap	35,590	13,235	43,338	15,308
Stems	957	188	89	4
Total	141,310	86,772	149,840	87,763
August:				
Cigarette leaf (flue & burley)	401	111	3,151	763
Cigarette leaf, other	12,970	8,995	12,361	8,357
Cigar wrapper	112	401	38	123
Mixed filler & wrapper	91	148	27	140
Cigar filler, unstemmed	362	319	720	487
Cigar filler, stemmed	264	352	256	318
Scrap	4,769	1,709	6,986	2,201
Stems	0	0	18	1
Total	18,969	12,035	23,557	12,390

Bureau of the Census.

Larger Spanish Dried Fruit Crop

Spain reports a larger 1970 dried fruit crop. Production is estimated at 13,300 short tons, 18 percent above that in 1969. Packs of all items are larger than last season's. Raisin production is estimated at 6,600 tons, 20 percent above last season's but below average. Production of dried figs and apricots is estimated at 5,000 tons and 1,700 tons, respectively. Fig and raisin quality is above average. Dried apricots are mostly small and below average in quality.

Moderately larger dried fruit exports are forecast during the 1970-71 season. Total 1969-70 dried fruit exports were the lowest in recent years. Raisin exports are estimated at 2,200 tons, sharply below the 3,500 tons exported in 1968-69. Total 1969-70 exports of figs are estimated at 2,200 tons and apricots 1,100 tons. France and the United Kingdom are the principal markets for Spanish raisins. Scandinavia absorbs most of Spain's dried apricots. Dried figs go mainly to Venezuela and Mexico; fig paste, to the United States.

SPANISH DRIED FRUIT PRODUCTION

Item	1967	1968	1969	1970 ¹
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Apricots	2.1	1.4	1.4	1.7
Figs	8.3	6.6	4.4	5.0
Raisins:				
Malaga	6.6	5.5	4.2	5.2
Denia	2.3	2.8	1.3	1.4
Total	8.9	8.3	5.5	6.6
Grand total	19.3	16.3	11.3	13.3

¹ Forecast.

Bean Tender From West Germany

West Germany issued an import tender for canned U.S. wax bean cuts. Applications for licenses will be accepted until the value limit is reached, but not after March 31, 1971.

Correction: September 28 issue, page 15, "Rise in U.S. Tobacco Imports," lines 5-6 should read "Customs Bond;" Table, line 1, column 1, 8,324 should read 3,324.

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Foreign Agriculture

French Dried Prune Production

In spite of unfavorable spring weather and late flowering, French dried prune production equaled the record 1969 crop. Production was estimated at 18,000 short tons, 48 percent above the annual 1964-68 average. Quality was reported to be fair.

French prune exports, which stay mainly in the European Community, have been relatively insignificant in past years. Total 1969-70 season exports are estimated at 1,700 tons. Imports—estimated at 4,400 tons in 1969-70—may be slightly bigger in 1970-71, owing to the slightly smaller stocks. The United States is the largest foreign supplier of prunes in the French market.

FRENCH SUPPLY AND DISTRIBUTION OF DRIED PRUNES

Item	1967-68	1968-69	1969-70 ¹	1970-71 ²
Beginning stocks	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
(Sept. 1)	3.2	3.0	2.8	1.1
Production	13.8	16.0	18.0	18.0
Imports	4.0	4.2	4.4	5.0
Total supply	21.0	23.2	25.2	24.1
Exports7	.9	1.7	—
Domestic disappearance	17.3	19.5	22.4	—
Ending stocks				
(Aug. 31)	3.0	2.8	1.1	—
Total distribution	21.0	23.2	25.2	—

¹ Estimated. ² Forecast.

Ivory Coast To Produce Sugar

The Government of the Ivory Coast recently announced plans to develop 5,000 hectares (nearly 12,500 acres) of sugarcane plantations in the country's northern savanna. These efforts will be the country's first at commercial sugar production. Production of raw sugar is expected to begin in 1972. Initially, refining will be carried out by two plants, each capable of processing 10,000 tons of raw sugar. At

least two other refineries are planned for operation by 1975.

It is expected that, by 1975, production will have been increased to 45,000 tons. Internal needs of the country will be met by this production plus 10,000 tons which the Ivory Coast is obligated to buy from Upper Volta under the existing African-Malagasy Sugar Agreement. As domestic production rises, imports can be expected to decline. Most affected will be the Malagasy Republic, which has been the major supplier of all types of sugar in recent years.

Wheat Marketing

(Continued from page 5)

not allowed, was used for the crops of 1966-67 through 1969-70. For the 1970-71 crop, a single price is used.

The support price remains at 16.50 new pesos per unit of 220 pounds, as has been the case since 1968-69. (The new peso is 4 per U.S. dollar.) Premiums (in addition to the basic payment of 16.50 new pesos) are to be paid on the 1970-71 crop according to a seasonally stepped schedule: 17.00 in March, 17.40 in April, and 17.65 in May through September. In October and November, however (the last months of the crop year), only the basic 16.50-peso rate will be paid. This price is for hard wheat f.o.r. dockside Buenos Aires.

The United States has a support price covering wheat for domestic food use based on 100 percent of the parity price as of July 1 of the harvest year. The parity price is that which results in the same purchasing power as in the 10 years previous; in the past 5 years it has ranged from \$2.57 per bushel in 1966-67 to \$2.82 in 1970-71.

For all other wheat the support price (the national average loan) has been \$1.25 per bushel since 1965-66. World prices, feeding value relative to feedgrains, and the level of support on feedgrains are considered in setting the national average loan. To qualify for the support program the producer must comply with the allotments and certain other conditions, principally pertaining to land conservation practices.